GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:314
ANSWERED ON:01.03.2002
MONEY EXCHANGE RULES
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has lately revised and relaxed money exchanging rules; and

(b) if so, the purpose and other details of the changes made therein?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIKHE PATIL)

(a) and (b): RBI have revised the following money exchanging rules :

1.Full Fledged Money Changers (FFMCs)

(i) Since money changing is a fund based activity and with a view to ensuring that only credible players enter the field, Net Own Funds(NOF) for the FFMCs having multiple branches has been raisedto Rs. 50 lakhs, A two year period will be allowed to the existing FFMCs for augmenting their NOF.

(ii) Earlier, Travellers Cheques (TCs) stocking arrangement withany TC issuing organization was a pre-condition for the issue of FFMC licence. This condition is withdrawn in order to improve the encashment facilities available in the country.

2. Restricted Money Changers (RMCs)

Earlier, RMC licences were issued by Reserve Bank ofIndia. Under the new Scheme announced bythe Reserve Bank, Authorized Dealers and FFMCs have been accorded the freedomto enter into agency/franchising agreements for the purposes of carrying on RMC business, i.e., conversion of foreigncurrency notes or travellers cheques into rupees. Resident entities wishing to undertake restricted money changing would no longer be required to obtain RBI licence.